



Tapu!tea

...ina ia manino le folauga.

Tuesday
March 7,
2006

OFFICIAL AMERICAN SAMOA GOVERNMENT WEEKLY NEWSLETTER

Vol. I, No. 1

Governor Togiola returns to the Territory after multi-meetings in Washington DC

Governor Togiola Tulafono returned to the Territory on Sunday night after two weeks off island that included meetings in Washington DC.

In the nation's capital, Governor Togiola joined 44 other governors of states and territories for the annual National Governors Association (NGA) winter meetings from February 25-27. The theme of the meeting was: 'Healthy America' – an initiative designed to spur governors to enact tangible solutions to help everyone in their states and territories for children, teenagers, adults and senior citizens to become healthier and more active. The forum at the NGA tackled pressing health and wellness issues, which was also attended by senior state and territorial health policy leaders and business executives.

Prior to the NGA meeting, Governor Togiola --as President Pro-Temp of the Pacific Basin Development Council-- chaired the PBDC winter meeting on February 24th where discussions focused on regional challenges, such as Midway Island issues and Johnston Island and transoceanic airfields, and the Pacific Homeland Security Initiative with the Naval Postgraduate schools. Some of the outcomes from this meeting were included in the development of a comprehensive economic framework for the Pacific Basin Development Council and its future actions, as well as endorsement of a letter of support on the re-authorization of the Coral Reef Conservation Act 2006.

At the Interagency Group on Insular Affairs (IGIA) meeting, Governor Togiola highlighted his proposal for the establishment of a labor enforcement unit, the need for air service to the Territory and permanent tax incentives. The Governor also discussed cover over of income tax for military service personnel and requested that the Department of Interior update its study on the application and impacts of federal laws in American Samoa.

In other meetings in DC, Governor Togiola met with US Congressional members, including Congressman Faleomavaega Eni on Section 936, labor proposal, and IGIA priorities.

Governor Togiola also met with U.S. Senator Daniel Inouye (D-Hawaii) on military personnel cover over issues, and also regarding the marine laboratory and JROTC program for American Samoa Community College.

In the U.S. House of Representatives, the Governor attended a special meeting with the Committee on Resources, chaired by Rep. Richard W. Pombo (R-CA) and Ranking Minority Member Nick Rahall (D-WV) on political, economic development, health and education issues for the insular areas.

Federal agency meetings were also held with the U.S. State Department regarding visas, while the meeting with the U.S. Department of Commerce focused on Exclusive Economic Zone boundary issues.

(Continued on page 4)

SBDC Announces First Community Express Loan Recipient

By James Kneubuhl, ASCC Press Officer

The American Samoa Small Business Development Center (AS-SBDC), located at the American Samoa Community College, congratulates Ms. Jackie F.C. Pen as the first successful loan recipient under the Community Express Loan program. Ms. Pen has received a \$22,000.00 loan to develop her business Victor's Landscaping, which employs six people and currently services clients such as the Department of Education.

A collaborative effort between the nationwide Small Business Association and the National Community Reinvestment Coalition, the Community Express Loan program authorizes designated lenders to assist small businesses run by women, minorities and veterans in pre-designated Low and Moderate Income Areas. The program includes a technical assistance component, which in the case of American Samoa, the local AS-SBDC provides.

Jackie F.C. Pen comes from a business family which includes her father John F.C. Pen, who runs a construction company with whom Jackie also works part time. Her cousin Jennifer F.C. Pen-Afalava, along with a few other partners, recently started up the new Internet Shack. Besides expanding Victor's Landscaping, which she named after her son, Jackie also intends to use her loan capital to invest in a pump truck for her side venture Island Sewage Pump Service. Explaining the need to diversify, Jackie stated, "The landscaping business has a lot of opportunity, but also a lot of competition." Jackie, Jennifer and their cousin Nahson Pelefoti all plan to attend the AS-SBDC Business Start-up class. Although two of them already have one or more businesses going, they anticipate the class will give them valuable ideas for both maintaining and expanding their ventures.

Business Development Counselor Ms. June Paogofie explained that AS-SBDC received over 83 applications for its Community Express Loans, of which only three met the program's initial qualifications, and in the end only Jackie's received the approval of the lending institution, Business Loan Express. While they act as an intermediary between applicants and lending institutions, the AS-SBDC itself does not have the final say in which loans get approved. "We make sure that applicants know about the basic requirements, such as having a license and a checking account," said Paogofie, "but the lending institutions subsequently perform their own extensive credit check on all applicants, and at that stage many get rejected. We would advise applicants rejected for Small Business Association loans on the basis of their credit history to try and improve their credit rating, then re-apply after six months." AS-SBDC encourages all small businesses, starting-up or existing, to take advantage of loan opportunities such as the Community Express Loan Program. Interested applicants can contact the AS-SBDC if they have questions.

(Continued on page 2)

AS-SBDC (continued from page 1)

The AS-SBDC offers technical assistance to small businesses in the form of classes on business computer skills, business planning workshops, business start-up classes, marketing and customer service classes, and free business counseling. For more information on the AS-SBDC, visit their website at www.as-sbdc.org or give them a call at 699-4830.



Front row (l-r): AS-SBDC Director Herb Thweatt, Business Development Counselor June Paogofie, Community Express Loan recipient Jackie F.C. Pen. Second row (l-r): Jenny F.C. Pen-Afalava, Nahson Peleloti. (Photo: J. Kneubuhl)

ASG RADIO PROGRAM

with: Governor Togiola Tulafono

Saturdays @ 7a.m.

on: Showers of Blessings-FM 104.7

Call 699-8123 or 699-8124

Share important activities

in your Department, Agency or Office with our ASG workforce as well as the citizens of American Samoa.

Email your articles to:

tapuitea@amsamoa.gov.as

Or call Harry Stevens @ 733-1694

Or Vince Iuli @ 733-1041

GET A FREE ASG EMAIL ADDRESS

on: amsamoa.gov.as

Email your name, department, current email address and the new email address you want to tapuitea@amsamoa.gov.as

Governor Togiola supports concept of bonds as a helpful resource but has not endorsed the idea

Governor Togiola Tulafono today addressed the issues of bonds, a day after returning from his two week trip off island that took him to the nation's capital and also to New York City.

While in New York, Governor Togiola met with investor services companies regarding bonds and he says it was a concept that came to mind only a year ago.

"This is something that has been developing over the last year or so. It was an idea brought up by U.S. Environmental Protection Agency and the Department of the Interior," said Governor Togiola. "While I have indicated my support of the concept, I have not fully endorsed the idea until I am fully satisfied that it is not going to affect the flow of our grant monies already in place."

Governor Togiola says the EPA and DOI continue to claim that it will not affect grant monies of the Territory, but he feels that he needs to receive assurance in the event of a Federal Aid Intercept.

"I think this concept needs to be fully explained before I can subscribe to it. If it means that in the event of a loan default that they can intercept any amount from any grant coming to the American Samoa Government, then I have to think twice about the wisdom of doing that," said Governor Togiola. "It would be too disruptive to the Territory and I cannot agree to such a device. I am also worried about how our credit rating may be affected by the association of other territories."

The Governor says the proponents of the idea have not fully explained how the credit ratings are going to be attained and established among the territories.

"I have not been given information on how credit ratings for bond issues will relate to extending loans to each territory. I have not seen how the proponents will sort out the division of loan caps, if any, relating to credit ratings for bond issues," said Governor Togiola. "In the last meeting of the Interagency Group on Insular Affairs, the presentation was made to the territories on this concept, but again, there are still unresolved questions as to exactly how they view the usage of federal grants, as sometimes they talk about using federal grants as collateral for the bonds, and on the other hand, they speak of using them only in the event of a "federal aid intercept."

"I need solid and definite resolutions of these conflicting usages before I can be fully committed. I see where the concept can be a very helpful resource, but I must be absolutely certain that I am not trading federal grants that we are already entitled to for loans. That would not be right," concluded Governor Togiola.

In New York City, the Governor met with representatives of Moody's Investor Services and Standard and Poor's. Both companies are leading providers of independent credit ratings, investment research and financial information in the capital markets.

An executive with true leadership qualities surrounds himself with men who are first-rate and upon whom he can completely rely. Only the insecure and incompetent leader looks upon his subordinates as potential competitors.

EXCERPT OF
DAVID B. COHEN'S,
Deputy Assistant Secretary of the Interior for Insular Affairs,
Statement to Congress About Economic Issues Facing U.S. Territories and the Freely
Associated States

American Samoa

Of the four territories, American Samoa has the narrowest economic base and the most static economy. The territory's private sector is anchored by two tuna canneries that have been in business in the territory for more than five decades. According to a December 8 2005 letter by Congressman Eni Faleomavaega the canneries account, directly or indirectly, for over 80 percent of the private sector economy of the territory.

It is easy to illustrate the importance of the canneries to the economy of American Samoa. In 2004, according to the U.S. Department of Labor, the canneries directly employed 4,738 workers (38.6 percent of all surveyed workers in the territory), paid an average hourly wage rate of \$3.60, and accounted for 24.5 percent of the territory's total wage bill for all workers. The American Samoa Government (ASG), on the other hand, employed 5,124 persons (41.8 percent of all surveyed workers in American Samoa) at an average hourly wage rate of \$7.99, and represented 58.9 percent of the territory's total wage bill in 2004. The third largest employer in American Samoa, the trade and services sector, made up only 8.3 percent of the total wage bill while employing 10.3 percent of all surveyed workers. Not included in these statistics are workers who are exempted from coverage of the Federal Fair Labor Standards Act.

Because of the territory's reliance on the canneries, if they leave American Samoa precipitously, the economy of American Samoa would be devastated. The demise of the canning industry would leave American Samoa with no viable industry and no major employer other than the local government and the merchants that sell to it and its employees. At least in the short run, this would leave American Samoa almost wholly dependent on direct assistance from the Federal government. It would likely result in an increase in Federal assistance to the territory, as well as significant migration by U.S. national residents of the territory to Hawaii or other west coast states in search of work and benefits. In addition, without the high volume of tuna shipments from the territory, the cost of shipping essential goods into the territory would likely increase. This would cause prices to rise at a time when aggregate income in the territory would be falling, exacerbating the challenges even further.

In the long run, it is likely that the advancement of free trade regimes under which foreign nations receive access to the U.S. market on terms comparable to what American Samoa currently enjoys will eventually cause the canneries to leave. In addition to its isolation from major trade routes, American Samoa is at a great competitive disadvantage in labor costs as compared to countries such as Thailand and the Philippines. The American Samoa canneries have reported that labor rates in 2001 for those two countries were 67 cents and 66 cents per hour, respectively. The canneries paid an average of \$3.60 an hour in 2004. To counter the wage rate disadvantage, the canneries have relied on the possessions tax credit under section 936 of the Internal Revenue Code and on duty-free access to the U.S. market.

The possessions tax credit for the canneries expired at the end of 2005, but a one year extension is provided in the House version of the Tax Reconciliation bill, which is about to be considered in conference. On November 9, 2005, the Secretary of the Interior sent a letter to the Chairs of the House Committee on Ways and Means and Senate Finance Committee expressing the Administration's support for a temporary extension of the possession tax credit to allow the American Samoa Government to develop a diversified private sector economy. American Samoa is really in a race against the clock before the trade advantages currently enjoyed by the American Samoa tuna canneries are expanded to other countries and regions. The territory urgently needs to wean its economy from excessive dependence on the canneries before they actually depart.

As we face the prospects of a post-cannery American Samoa, it is noteworthy that the residents of the territory today have the lowest per capita gross domestic product (GDP) of any state or territory in the American political family. Preliminary estimates of the U.S. Census Bureau in 2005 (based on 2002 data) showed American Samoa's GDP at \$558.8 million, or \$9,041 per capita. American Samoa's per capita GDP is equal to only 34.4 percent of the lowest of the states and 22.8 percent of the national average.

Fiscally, the ASG continues to face challenges, but is making progress. In response to the Department of the Interior's concerns about financial management issues and the broader goal of advancing fiscal discipline in the territories, the Secretary of the Interior and the ASG entered into a Memorandum of Agreement in 2002 which requires a fiscal reform plan for bringing annual operating expenses in line with revenues. In 2005, the Office of Insular Affairs issued a high-risk grantee declaration for the ASG. The declaration, a statement of warning, was centered primarily on the independent auditors' opinions of financial statements that identified severe and material weaknesses in internal controls over reporting and compliance with Federal grant program requirements. The conditions for lifting the high-risk designation include a requirement that the local government produce its annual single audits in a timely fashion with no material qualifications for at least two consecutive years. As of September 30, 2005, the ASG identified a cumulative unaudited surplus of \$8.8 million, but a more recent report for fiscal year 2006 showed a first quarter shortfall of \$4.86 million. As these numbers suggest, the fiscal health of the ASG remains unpredictable.

PUBLIC ANNOUNCEMENT

The Commissioner, Paramount Chief Sotoa M. S. Savali, for the Department of Public Safety, American Samoa Government, do hereby gives notice, pursuant to the American Samoa Code Annotated Title 46, chapter 25, and the American Samoa Administrative Code, section 4.1005, of his intent to adopt an ***Inmate Handbook and Drug Free Work Place Policy***. All interested persons may examine these documents and present their view of the proposed Inmate Handbook and Drug Free Work Place Policy at the Office of the Commissioner in Fagatogo between 0800 and 1600 hours, Monday to Friday. You have twenty calender days from the date of this intended notice to file any amendments or objections with the Office of the Commissioner.

HISTORICAL NOTES

By: Stan Sorenson, Historian, Office of the Governor

On March 1, 1606, Swains Island was sighted by Spanish navigator Pedro Fernandez de Quiros, who named it "*Gente Hermosa*." (1d. Bryan 1927: 1; 1a. Gray 1960: 211; 1a. Spate II, 1979: 134)

On March 1, 1915, Commander John Martin Poyer, U.S. Navy, Retired, relieved Lieutenant Charles Armijo Woodruff and took office as American Samoa's 11th naval governor (until June 10, 1919). Poyer was American Samoa's longest-serving naval governor, spending four years, two months and ten days in office. He and Captain Henry Francis Bryan, the Territory's 16th naval governor (March 17, 1925-September 9, 1927), were the only two governors who had retired from the U.S. Navy prior to their gubernatorial terms. (2e. USNHC: Poyer RO)

On March 1, 1922, Captain Edwin Taylor Pollock succeeded Captain Waldo Evans, and became American Samoa's

14th naval governor (until September 4, 1923). (2e. USNHC: Pollock RO)

On March 1, 1941, the U.S. Marine Corps' 7th Defense Battalion arrived in Pago Pago Harbor, aboard USS *William P. Biddle*. Its total strength was 443 officers and men. (2a. Burke 1945b: 25)

On March 1, 1944, command of the Samoan Defense Group reverted to the Navy, as Captain Allen Hobbs, USN relieved Major General Charles F.B. Price, USMC, and assumed the title "Commandant of the Samoan Defense Group." Due to the northward and westward progress of the Allied Pacific offensive, Samoa had become a strategic backwater. (2a. Burke 1945b: 63, 75, 130)

On March 1, 1951, American Samoa's last naval governor, Captain Thomas F. Darden, left Samoa aboard SS *Sonoma*, accompanied by Mrs. Darden. (2a. Thompson 1990: 28)

On March 1, 1953, Captain Allen Hobbs, American Samoa's 30th naval governor (February 8, 1944-January 27, 1945) "was relieved of all active duty and placed on the Temporary Disability Retirement List." (2e. USNHC: Hobbs RO)

On March 2, 1872, Commander Richard W. Meade, USN and Mauga Manuma of Pago Pago signed the first American-Samoan treaty at Gagamoe Stream in Pago Pago. This treaty gave the United States the exclusive right to establish a coaling station for its fleet in Pago Pago Harbor. Although it was never ratified by the U.S. Senate, the Samoans considered it "binding." (1a. Gray 1960: 58)

On March 2, 1889, the U.S. Congress appropriated "the sum of \$100,000 for the purpose of permanently establishing a station for coal and other supplies for the naval and commercial marine of the United States on the shores of the Bay of Pago Pago, Samoa, in pursuance of the rights acquired by the Treaty of 1878." (This was in reference to the Mamea-Evarts treaty signed on January 17, 1878). (1a. Anonymous 1894: 12; 1d. Bryan 1927: 44)

On March 2, 1906, on Tutuila, the U.S. Government purchased "Parcel No. 50: Lighthouse Site, Aunu'u, 0.45 acres, from "Faumuina" for \$120.00. (2b. Anonymous 1960: 4)

On March 2, 1928, the first U.S. Navy ship to be named USS *Tutuila* (PG-44; later redesignated PR-4), a Yangtze River patrol boat, was commissioned at the Kiangnan Dock and Engineering Works in Shanghai, China. She and her sister ships *Guam* (later renamed *Wake*: PR-3), *Panay* (PR-5), *Oahu* (PR-6), *Luzon* (PR-7) and *Mindanao* (PR-8) were named for islands in America's overseas possessions. Her displacement was 395 tons, her length was 159 feet 5 inches, and her beam 27 feet 1 inch. She was armed with two 3-inch deck guns and ten .30-caliber Lewis machine guns, and carried a crew of 70. She was sponsored by Miss Beverly Pollard, and her first captain was Lieutenant Commander Frederick Baltzly. (1a. Mooney VII, 1981: 366; 1a. Silverstone 1965: 243)

On March 3, 1919, the U.S. Congress passed an act which "provided for a census of American Samoa, to be taken by the governor in accordance with plans approved by the United States Director of Census." (1d. Bryan 1927: 55)

On March 3, 1931, Stephen Victor Graham, American Samoa's 17th naval governor (September 9, 1927-August 2, 1929) was "Advanced on the Retired List to the rank of Rear Admiral, U.S. Navy."

On March 4, 1874, Stephen Victor Graham, American Samoa's 17th naval governor (September 9, 1927--August 2, 1929), was born in Cass County, Michigan. (2e. USNHC: Graham RO)

On March 4, 1912, the first American Samoan Hospital was opened at Malaloa, Tutuila. (Many years later, it was called the "Annex" and served as ASG housing). (1a. Gray 1960: 170)

On March 4, 1925, Swains Island (also known as Gente Hermosa, Quiros Island, Olosega, Olohenga and Jennings Island) was annexed by the U.S. Congress under the provisions of Public Resolution No. 75, 68th Congress) and became part of American Samoa.

Governor Togiola returns to the Territory *(continued from page 1)*

Governor Togiola was also able to meet with Navy Vice Admiral Conrad C. Lautenbacher, Ph.D., the undersecretary of commerce for oceans and atmosphere, on tsunami warning systems and American Samoa's marine laboratory proposal.

In a meeting with representatives of U.S. Department of Economic Development, the Governor discussed the Territory's pre-application for the Fagatogo Marketplace proposal.

An outstanding highlight of Governor Togiola's visit to DC was the Governor's testimony before the U.S. Senate Committee on Energy and Natural Resources on the state of economy and fiscal affairs in American Samoa. During his testimony, the Governor informed the Committee on the need for permanent tax incentive programs for American Samoa.

More Historical Notes:

On March 4, 1953, James Arthur Ewing completed his term as American Samoa's third appointed civil governor (since November 28, 1952). (6. Sorensen 2003: 3)

On March 4, 1953, Secretary of the Interior Douglas McKay appointed Lawrence McCully Judd, a former Governor of the Territory of Hawaii, as American Samoa's fourth appointed civil governor (until August 5, 1953)

On March 5, 1903, Commander Edmund Beardsley Underwood was appointed fourth naval governor of American Samoa, relieving Lieutenant Commander Henry Minett (until January 30, 1905).

On March 5, 1973, "Bishop Pio Taofinu'u was elevated to the College of Cardinals by Pope Paul VI, becoming the first ever Cardinal in the Pacific Islands. He had also been the first Polynesian bishop in history." (1a. Heslin 1995: vii)

On March 5, 1973, the Official Seal of American Samoa, bearing the motto "*Samoa Muamua le Atua*" ("Samoa, Let God be First") was adopted by the 13th Territorial Legislature. (2a. Theroux n.d.: 5)

On March 6, 1899, Rear Admiral Albert Kautz, USN, arrived in Apia aboard USS *Philadelphia*, "with instructions to act in concert with a majority of the consular representatives of the three powers" (England, Germany and the United States). (1d. Bryan 1927: 40)

On March 6, 1909, Lawrence McCully Judd, who would serve as American Samoa's fourth appointed civil governor (March 4-August 5, 1953) married Florence Bell Hackett at Richmond Hill, Long Island, New York. This marriage produced five children: Helen, Agnes, Sophie, Lawrence McCully, Jr., and Emile.

On March 6, 1934, the heavy cruiser USS *Astoria* (CA34), visited American Samoa. Philatelic covers with "PAGO PAGO / SAMOA" in the killer bars were postmarked aboard the ship. (1h. FSS/Sorensen 2004)

On March 6, 1937, the stores ship USS *Arctic* (AF7), visited American Samoa. Philatelic covers with "PAGO PAGO / SAMOA" in the killer bars were postmarked aboard the ship. (1h. FSS/Sorensen 2004)

On March 6, 1942, the U.S. Navy's Mobile Hospital No. 3 ("MOB 3"), commanded by Captain Robert P. Parsons, was commissioned. It was the first such hospital to leave the United States in World War II.